

# COMMISSION OF THE EUROPEAN COMMUNITIES

COM(79) 756 final

Brussels, 10th December 1979

PROPOSAL FOR A COUNCIL REGULATION (EEC)  
ON COMMUNITY AID FOR INDUSTRIAL RESTRUCTURING AND  
CONVERSION OPERATIONS IN THE MAN-MADE FIBRES SECTOR

(presented by the Commission to the Council)

COM(79) 756 final



- 1 -

EXPLANATORY MEMORANDUM

The Council and Parliament entered appropriations for commitment totalling 20 million EUA and appropriations for payment totalling 17 million EUA in the 1978 Budget for industrial conversion and restructuring operations.. These appropriations were carried over to the 1979 Budget and will lapse at the end of 1979 if they have not been committed and paid by that time.

On 26 October, 1978, the Commission sent the Council a proposal for a Regulation on the use of the appropriations.. On 11 January, 1979, this proposal was supplemented by proposals for Decisions bringing shipbuilding and the textile industry, particularly man-made fibres, within the scope of the Regulation. The proposal for a Regulation was not discussed by the Permanent Representatives Committee until 7 November, 1979 : as a result, it will not come into force in time to serve as the legal basis for using the appropriations before the end of the year.

The Commission therefore suggests that the 1978 appropriations be used on an ad hoc basis for restructuring and conversion operations in the man-made fibres sector. This exceptional procedure would cover the use of only part of the 1978 appropriations; consequently it would not set a precedent for the use of appropriations entered in the 1979 Budget. The choice of the man-made fibres sector is justified by the fact that it is undergoing a crisis of excess production capacity which has prompted the industry to seek ways of bringing in the necessary rationalization measures. The Commission believes that, by using the appropriations in question, it can make an effective contribution to achieving these objectives.

The appropriations would be used exclusively to finance investment projects with the following aims :

- to create jobs in activities other than man-made fibres production which would replace the fibre production activities of the companies involved in the industry's rationalization efforts;

.../...

- to adapt the production apparatus in line with the restructuring objectives, which are well known to and accepted by Community producers, without increasing man-made fibre production capacity.

To enable this financing operation to go ahead, the Commission presents the attached proposal for a Regulation : it incorporates the basic features of the proposal for a Regulation of 26 October, 1978, which was endorsed by Parliament and the Economic and Social Committee, but pertains solely to the man-made fibres sector, as advocated by the Commission in its proposal for a Decision of 11 January, 1979.

As there is very little time until the end of the year, it is proposed that the aid should be in the form of investment premiums. The aid would be provided for projects submitted by the industry which the Commission has selected on the basis of the criteria and procedures set out in the proposal for a Regulation.

Since time is so short and Parliament and the Economic and Social Committee have endorsed the proposal for a Regulation of 26 October, 1978, the Commission considers that it is not necessary to consult these two bodies again.

PROPOSAL FOR  
COUNCIL REGULATION (EEC) n°

ON COMMUNITY AID FOR INDUSTRIAL RESTRUCTURING AND CONVERSION OPERATIONS  
IN THE MAN-MADE FIBRES SECTOR

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,  
and in particular Article 235 thereof,

Having regard to the proposal from the Commission,

Having regard to the Opinion of the European Parliament, <sup>(1)</sup>

Having regard to the Opinion of the Economic and Social Committee, <sup>(2)</sup>

Whereas a proposal for a Regulation <sup>(3)</sup> on Community aid for industrial restructuring and conversion operations has been laid before the Council,

Whereas the Commission has been notified of a number of investment projects which it considers to be eligible for aid under the criteria set out in the abovementioned proposal for a Regulation ;

Whereas the situation in the man-made fibres sector justifies immediate action as a priority measure, to support the rationalization measures taken by the industry in the Community and to reduce its production capacity,

---

(1) OJ n° C 127, 21/5/79, p. 52

(2) OJ n° C 128, 21/5/79, p. 1

(3) OJ n° C, 16/11/78, p. 3

HAS ADOPTED THIS REGULATION :

Article 1

1. The purpose of the aids granted under this Regulation shall be to assist the man-made fibres industry to finance :
  - investments for the restructuring of industrial establishments operating in the man-made fibres sector, provided that the aim of such investments is to reduce production capacity ;
  - conversion investments carried out by such establishments for the purpose of changing to other types of activity ;
  - investments to help create, by other undertakings, in the areas /<sup>concerned</sup> (employment catchment areas,) and in other fields of activity, new jobs intended primarily for workers made redundant by the restructuring or by the total or partial closure of such establishments.
2. Any decisions by the Commission to grant such aids shall be taken before 31 December 1979.

Article 2

1. The aid referred to in Article 1 shall take the form of investment premiums.
2. Such premiums shall amount to 5.7 % of the investment ; they shall be raised to 9.5 % where the investment is undertaken :
  - a) in the lastfavoured regions or in regions or areas particularly affected by restructuring operations ;
  - b) by small and medium- sized enterprises.

3. The investors shall supply any information which the Commission may deem necessary and shall accept the inspections required for checking that the projects are being properly carried out. A contract shall be concluded to this effect between the investor to whom the aid is granted and the Commission. This contract shall also establish the procedures for payment of the aid.

### Article 3

1. If an investment project which has received aid has not been carried out as planned or if the conditions of this Regulation are not fulfilled, the aid may be withdrawn in whole or in part by the Commission.
2. Member States shall make available to the Commission all information required for the application of this Regulation and shall take all steps to facilitate such supervision as the Commission may consider useful, including on-the-spot checks.
3. Notwithstanding verification carried out by Member States in accordance with national laws, regulations and administrative provisions, and without prejudice to the provisions of Article 206 of the Treaty or to any inspection arranged pursuant to Article 209 (c) of the Treaty, the competent authorities of the Member State shall, at the request of the Commission and with the agreement of the Member State, carry out on-the-spot checks or enquiries about the operations financed. Officials of the Commission may take part in such checks or enquiries. The Commission may fix time limits for carrying out such checks.
4. The objective of these on-the-spot checks or enquiries about operations financed shall be to verify :
  - a) the existence of supporting documentary evidence and its conformity with the operations financed ;

- b) the conditions under which the operations financed are executed and inspected ;
- c) the conformity of the work completed with the operations financed.

#### Article 4

The provisions of this Regulation shall not prejudice the application of Article 92, 93 and 94 of the Treaty.

#### Article 5

This Regulation shall enter into force on the day following its publication in the Official Journal of the European Communities.



## FINANCIAL RECORD

1. Title of budget heading -  
Article 375 - industrial restructurations and reconversion.
2. Legal basis - Art. 235
3. Description of action :  
Action in the synthetic fibres sector.
4. Justification of action :  
To see explanatory memorandum
5. Financial implication of action on intervention expenditure :
  - 5.1 action of limited duration : total cost over whole  
period : 14.920.000 E.U.A.
  - 5.2. Proportion of financing ( in % ) coming from the Community budget,  
national budgets and other sectors ( or national level).
6. Financial implications in respect of the number of personnel and  
current operations : none.
7. Financing of intervention spending.
  - 7.1. Possible financing by credits written into the relevant budget  
heading.
8. Type of control to be applied : normal

